

Tommaso Innocenti

Online Auction System Facilitating  
Flexible Terms Commodity Trading

30 May 2001

### **ABSTRACT OF THE DISCLOSURE**

The buying and selling of commodities online in a disciplined manner can be initiated by either a prospective buyer or prospective seller in a variety of auction types each of which supports the negotiation of various terms including payment, delivery, quantity and quality. The initiating party registers as either buyer or seller with a central authority and provides requisite information including commodity specification, which may be qualitative as well as quantitative, and desired delivery terms, which may be specified using formats for several basic options. The type of auction is also specified using an option format beginning with a selection from a plurality of basic types determined by direction of price movement, whether the initiating party is a buyer or seller, and related duration constraints. Sale is determined by acceptance of a bid or offer setting an agreed upon price, quantity, delivery and payment terms. Commodity quality may additionally be negotiated and verification offered by provision of a sample either directly between parties or through the central trusted authority and/or an independent laboratory.

TOOLBOX